



BDO AUDIT PROGRESS REPORT

London Borough of Enfield

12 May 2023

EXECUTIVE SUMMARY



This report provides the General Purposes Committee with an update on the progress of our audits and plans to clear the backlog of work.

DLUHC wrote to all local authorities and audit firms on 14 March requesting that auditors provide Audit Committees with a realistic project and delivery plan for delayed audits and the critical dependencies.

Issues nationally that have increased the resources required to complete local authority audits or have caused delays include:

- ▶ Backlog initially created during Covid and lockdown that has not been recovered
- ▶ Enhanced quality requirements following well publicised audit failures
- ▶ Implementation of new auditing standards
- ▶ Infrastructure accounting and inadequate historical records for highways and infrastructure spend
- ▶ Increased complexity of group structures, nature of transactions and asset ownership
- ▶ Difficulty recruiting auditors to the sector.



AUDIT PROGRESS AND RECOVERY PLANS

On the following pages we set out the progress on audits, outstanding work, issues to resolve and a timetable when we expect to have resources to complete the work.

- ▶ 2019/20 - The vast majority of the accounts audit is complete already, with residual work remaining on finalising the infrastructure issue and clearing quality review points. Use of Resources work needs updating to reflect Statement of Accounts draft accounts and supporting working papers preparation and quality control issues
- ▶ 2020/21 - The accounts audit has commenced, with work on hold pending completion of the 2019/20 audit. Use of Resources work will follow, with the scope reflecting the 2020 NAO Code of Audit Practice.

We will discuss these issues and proposed timetables with you at the General Purposes Committee on 28 June 2023.

We have limited resources available between May and July to progress local authority audits as this time is earmarked to deliver NHS audits for the Department of Health and Social Care.

NATIONAL PICTURE

2020/21

Only **9%** of 2020/21 local government bodies received an audit opinion by the extended deadline of 30 September 2021 and **35%** had still not received the audit opinion by 30 September 2022.

2021/22

Only **12%** of 2021/22 local government bodies received an audit opinion by the extended deadline of 30 November 2022 and **373** remain outstanding.

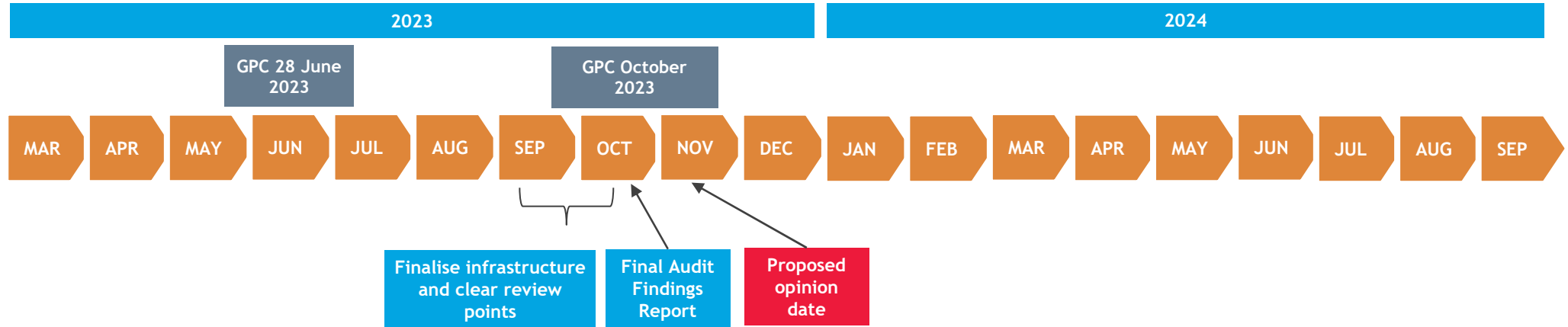
Audit capacity and costs

The latest procurement by PSAA for contracts commencing for year ends 31 March 2024 will increase audit fees by **150%** and Government has pledged to make an additional **£60m** of funding available over four years from 2021/22.

Redmond review

Limited progress has been made against the Redmond review recommendations to improve local public audit. The new system leader role to be undertaken by the Audit, Reporting and Governance Authority is expected to commence in 2024.

YEAR ENDED 31 MARCH 2020



BDO RESOURCES TO COMPLETE >>>

WORK COMPLETED

- ▶ Fieldwork and majority of audit testing completed
- ▶ Financial statements reviewed with proposed amendments provided to management

WORK TO COMPLETE

- ▶ Audit team to write up results and conclusions of final testing completed on Infrastructure issue
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- ▶ Clear issues raised from Key Audit Partner (KAP) and Quality Assurance file review
- ▶ Amend financial statements for any agreed corrections
- ▶ Update to Use of Resources assessment to reflect Statement of Accounts draft accounts and supporting working papers preparation and quality control issues

ISSUES TO RESOLVE

- ▶ Property, Plant and Equipment - finalise valuations, make necessary amendments to the Statement of Accounts, finalise and obtain BDO Technical approval for necessary Prior Period Adjustments (PPAs)
- ▶ Infrastructure
- ▶ Agree basis of qualified conclusion on Use of Resources



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